

TOP SECRET

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TOP SECRET

SUMMARY

FAR EAST

1. Atomic test incident stirs up anti-Americanism in Japan (page 3).

SOUTHEAST ASIA

2. Vietnamese insisting French grant unqualified independence (page 3).
3. Pessimism increases among Vietnamese in Tonkin (page 4).
4. American embassy reports on Indonesian Communist congress (page 5).

NEAR EAST - AFRICA

5. AIOC provisionally accepts compromise plan on compensation (page 5).
6. Israel presses for speedy UN action against Jordan (page 6).

25X1

7.

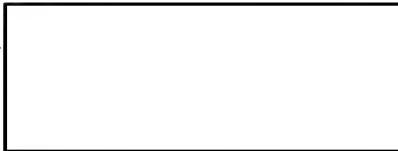
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FAR EAST

1. Atomic test incident stirs up anti-Americanism in Japan:

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Foreign Minister Okazaki fears that the recent radiation incident may harm Japanese relations with the United States, according to Ambassador Allison. He told Allison on 21 March that his government faces difficulties in the Diet because of opposition demands for assurances that Japan's fishing areas, as well as coastal currents from the central Pacific, will not become contaminated. He said questions are also being raised about America's right under international law to block off large areas of the Pacific.

Okazaki said that unless authoritative and satisfactory answers could be given, he feared the Japanese government would have to request that any future tests be postponed.

Comment: Voluminous press coverage of the incident has incited considerable anti-American sentiment by suggesting American irresponsibility and disregard for the victims. In some newspapers the victims have been described as "guinea pigs." Press coverage also emphasizes that this is the third occasion on which the Japanese have been made "victims of A-bombs." The Communists are exploiting the incident with even more violent anti-American propaganda and with promises of relief for the injured.

It has not yet been determined whether or not the Japanese fishing vessel involved in the incident was inside the designated danger area.

SOUTHEAST ASIA

2. Vietnamese insisting French grant unqualified independence:

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The Vietnamese delegation in Paris will not retreat from its position that France must sign a treaty affirming the unconditional

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independence of Vietnam before the latter will conclude a treaty of association within the French union, according to an official of the Vietnamese Foreign Ministry. The Buu Loc government is firmly convinced that this procedure is needed to eradicate its stigma as a puppet and win the psychological battle against the Viet Minh.

Meanwhile, Commissioner Dejean's deputy points out that resistance by Bidault and President Coty, on legalistic grounds, to the Vietnamese position is the "worst possible psychological preparation for the Geneva conference."

Comment: In conferences over the past several years, the French have gradually yielded to Vietnamese demands. They have usually done so, however, in a manner which destroys the propaganda value of these concessions.

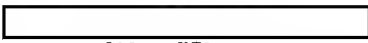
The French government's maneuverability on this question is limited by the National Assembly resolution on 9 March, which linked France's obligations to the Associated States with maintenance of the French Union as defined in the constitution.

3. Pessimism increases among Vietnamese in Tonkin:

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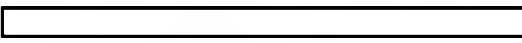


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Pessimism is greater in Tonkin than at any time since 1950, . Many wealthy Vietnamese are liquidating their assets and preparing to move south. Viet Minh raids on Tonkin airfields and on Hanoi-Haiphong communications have had a profound psychological impact on the local population, who contrast the capabilities of the Viet Minh with the ineffectual attempts at "pacification" by the French-Vietnamese forces.

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 the key Hanoi-Haiphong highway is now so heavily mined by the Viet Minh each night that it is not opened to traffic until noon the following day.

Comment: A further worsening of the situation would facilitate Viet Minh recruiting within the delta, heighten the possibility of an uprising in Hanoi, and would make the French military position precarious.

- 4 -

25X1A

The Viet Minh capture of the French posts along the northeast section of the Sino-Tonkin border in 1950 marked the lowest previous point of French-Vietnamese morale in the Indochina war.

4. American embassy reports on Indonesian Communist congress:

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[REDACTED] The American embassy in Djakarta reports that the recently concluded fifth congress of the Indonesian Communist Party reflected the influence of the Chinese Communists in the Indonesian Party's agrarian program. In other contexts, however, Moscow was clearly placed above Peiping. Three youthful party officials, including Secretary General Aidit, were built up as leaders of the Lenin-Stalin type.

The leaders of the opposition Masjumi and Socialists--as well as Vice President Hatta--were branded as virtual traitors. The extension of Communist influence over the peasantry was cited as the party's chief task because of the need to develop a stronger base in anticipation of an eventual break with the "national bourgeoisie."

Comment: The "national bourgeoisie" may be taken to mean the National Party, whose cooperation with the Communists has enabled it to continue in control of the government. The mutual benefits derived from this cooperation appear to preclude any break in the near future.

NEAR EAST - AFRICA

5. AIOC provisionally accepts compromise plan on compensation:

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[REDACTED] The Anglo-Iranian Oil Company has agreed that the British and American governments should determine the amount of compensation payable to it by Iran. The British government feels strongly that Iran should make some payment to the company for loss and damages during the period from nationalization to the coming into force of the consortium agreement.

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- 5 -

The AIOC has provisionally accepted the billion-dollar offer of the other consortium partners for their share in the consortium. The company considers this sum too low, however, and has conditioned its acceptance on a satisfactory arrangement for compensation from Iran.

Comment: New difficulties in the consortium talks are likely, since the British government is considering an Iranian payment much lower than that envisaged by the company. One reason why the payment proposed by the British government is lower is that the Foreign Office is refusing to consider the loss of future AIOC profits in determining the amount of compensation.

The Iranians have stated that they will make counterclaims if the final agreement necessitates their paying compensation to the company.

6. Israel presses for speedy UN action against Jordan:

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Israel is putting "intolerable pressure" on the UN chairman of the Israeli-Jordan Mixed Armistice Commission to call an immediate meeting to consider the 17 March bus massacre in the Negev desert, according to Consul General

Tyler in Jerusalem. He says that Israel has prejudged the incident by practically telling the chairman how to vote.

On 19 March Prime Minister Sharett told General Bennike, UN truce supervisor, that the Jordanian government was responsible for this "warlike act." Sharett warned that if the commission did not give immediate consideration to the bus incident, "he would not like to see the press the following day." According to Tyler, there is no concrete evidence whether the Negev killing was committed by Jordanians, Egyptians from Gaza, or even Israeli bedouins.

Comment: Sharett has been forced by popular as well as government pressure to demand drastic UN action even though there is no evidence as to who is guilty. Failure to achieve a clear-cut condemnation of Jordan may weaken Sharett's shaky position as prime minister or force him to accede to army demands for retaliation.

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- 6 -

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